

Grosse Pointes-Clinton Refuse Disposal Authority

**Financial Report
with Supplemental Information
June 30, 2008**

Grosse Pointes-Clinton Refuse Disposal Authority

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Independent Auditor's Report

To the Board of Directors
Grosse Pointes-Clinton Refuse
Disposal Authority

We have audited the accompanying basic financial statements of Grosse Pointes-Clinton Refuse Disposal Authority as of June 30, 2008 and 2007 and for the years then ended, as listed in the table of contents. These financial statements are the responsibility of Grosse Pointes-Clinton Refuse Disposal Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grosse Pointes-Clinton Refuse Disposal Authority as of June 30, 2008 and 2007 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Grosse Pointes-Clinton Refuse Disposal Authority's management's discussion and analysis identified in the table of contents is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying statement of revenue and expenses - budget and actual is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

November 4, 2008

Grosse Pointes-Clinton Refuse Disposal Authority

Management's Discussion and Analysis

Our discussion and analysis of Grosse Pointes-Clinton Refuse Disposal Authority's (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the Authority's financial statements.

Using this Annual Report

This annual report consists of two parts: management's discussion and analysis (this section) and the basic financial statements. The basic financial statements are presented on a full accrual basis, which provides both long- and short-term information about the Authority's overall financial status.

Authority as a Whole

The following table shows the net assets of the Authority in a condensed format as of June 30, 2008 compared to the previous two years (in thousands of dollars):

	June 30		
	2008	2007	2006
Assets - Current	\$ 1,363	\$ 1,342	\$ 1,307
Liabilities - Current - Accounts payable	127	133	153
Net Assets - Unrestricted	<u><u>\$ 1,236</u></u>	<u><u>\$ 1,209</u></u>	<u><u>\$ 1,154</u></u>
	Year Ended June 30		
	2008	2007	2006
Operating Revenue	\$ 1,496	\$ 1,530	\$ 1,713
Operating Expenses			
Refuse disposal	1,411	1,442	1,620
Other	100	84	103
Total operating expenses	1,511	1,526	1,723
Nonoperating Income	42	51	64
Distributions to Constituent Municipalities	-	-	(300)
Change in Net Assets	<u><u>\$ 27</u></u>	<u><u>\$ 55</u></u>	<u><u>\$ (246)</u></u>

Grosse Pointes-Clinton Refuse Disposal Authority

Management's Discussion and Analysis (Continued)

The Authority's primary source of revenue (approximately 99 percent) is from billings to constituent municipalities, which funds the payment for refuse disposal. Both operating revenue and refuse disposal expense decreased from the prior year due to a decrease in tonnage.

The Authority's net assets, which are all unrestricted, increased \$27,000 from current year operations.

Authority's Budgetary Highlights

Over the course of the year, the Authority's board of directors amended the budget as necessary. The largest variances offset each other and include revenue less than the final budget for the Authority's primary operating revenue and charges to constituent municipalities which are offset by the variance within refuse disposal expenses. This is due to the decrease in tonnage throughout the year.

Capital Assets and Long-term Debt Activity

The Authority does not have any capital assets or long-term debt.

Economic Factors

The Authority plans to continue operating under a 15-year agreement with a disposal company, expiring in March 2014, whereby the disposal company disposes of the refuse for the eight member communities and bills the Authority. The Authority bills each community for its share of the disposal costs plus a \$1 per ton administrative fee.

Contacting the Authority's Management

This financial report is intended to provide our constituents with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives from its municipal constituents. If you have questions about this report or need additional information, we welcome you to contact a member of the board of directors.

Grosse Pointes-Clinton Refuse Disposal Authority

Statement of Net Assets

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Assets - Current		
Cash (Note 2)	\$ 966,925	\$ 1,163,093
Accounts receivable	<u>396,232</u>	<u>178,856</u>
Total assets	1,363,157	1,341,949
Liabilities - Current - Accounts payable	<u>126,668</u>	<u>132,558</u>
Net Assets - Unrestricted	<u><u>\$ 1,236,489</u></u>	<u><u>\$ 1,209,391</u></u>

Grosse Pointes-Clinton Refuse Disposal Authority

Statement of Revenue, Expenses, and Changes in Net Assets

	Year Ended	
	June 30, 2008	June 30, 2007
Operating Revenue		
Billings from constituent municipalities	\$ 1,480,030	\$ 1,513,546
Other	16,484	16,486
Total operating revenue	1,496,514	1,530,032
Operating Expenses		
Fringe benefits	9,376	8,133
Refuse disposal	1,411,467	1,442,308
General insurance	21,999	23,387
Professional services	52,707	38,656
Other	15,567	14,079
Total operating expenses	1,511,116	1,526,563
Operating (Loss) Income	(14,602)	3,469
Nonoperating Revenue - Interest on investments	41,700	51,318
Increase in Net Assets	27,098	54,787
Net Assets - Beginning of year	1,209,391	1,154,604
Net Assets - End of year	<u><u>\$ 1,236,489</u></u>	<u><u>\$ 1,209,391</u></u>

Grosse Pointes-Clinton Refuse Disposal Authority

Statement of Cash Flows

	Year Ended	
	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Cash Flows from Operating Activities		
Payments from municipalities	\$ 1,279,138	\$ 1,677,832
Payments to vendors and employees	<u>(1,517,006)</u>	<u>(1,523,168)</u>
Net cash (used in) provided by operating activities	(237,868)	154,664
Cash Flows from Investing Activities - Interest received	<u>41,700</u>	<u>51,318</u>
Net (Decrease) Increase in Cash	(196,168)	205,982
Cash - Beginning of year	<u>1,163,093</u>	<u>957,111</u>
Cash - End of year	<u><u>\$ 966,925</u></u>	<u><u>\$ 1,163,093</u></u>
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities		
Operating (loss) income	\$ (14,602)	\$ 3,469
Adjustments to reconcile operating (loss) income to net cash from operating activities - Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(217,376)	147,800
Increase in other current assets	-	23,387
Decrease in accounts payable	<u>(5,890)</u>	<u>(19,992)</u>
Net cash (used in) provided by operating activities	<u><u>\$ (237,868)</u></u>	<u><u>\$ 154,664</u></u>

Grosse Pointes-Clinton Refuse Disposal Authority

Notes to Financial Statements June 30, 2008 and 2007

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Grosse Pointes-Clinton Refuse Disposal Authority (the "Authority") conform to accounting principles as applicable to Enterprise Funds of governmental units. In accordance with accounting principles generally accepted in the United States of America, there are no component units to be included in these financial statements.

Reporting Entity

The Authority was organized, under provisions of Act 179 of the Public Acts of Michigan of 1947, on August 16, 1962 by action of the city councils of the cities of Grosse Pointe Farms, Grosse Pointe Park, and Grosse Pointe and the township board of Clinton Township for the purpose of disposing refuse. The Authority was later expanded to include the Village of Grosse Pointe Shores and the cities of Mount Clemens, Grosse Pointe Woods, and Harper Woods. Each constituent municipality has one director on the board of directors, with the exception of Clinton Township, which has two. The Authority currently operates under a 15-year agreement with a disposal company, expiring in March 2014, whereby the disposal company disposes of the refuse for the eight member communities and bills the Authority. The Authority bills each community for its share of the disposal costs plus a \$1 per ton administrative fee.

Basis of Accounting - The accrual basis of accounting is used by the Authority. The Authority follows all pronouncements of the Governmental Accounting Standards Board and those pronouncements of the Financial Accounting Standards Board issued prior to November 30, 1989.

Operating Revenue - Operating revenue represents fees charged to constituent municipalities.

Landfill Closure Costs - The Authority does not own or operate a municipal solid waste landfill and, therefore, has no liability for closure and post-closure care costs.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Grosse Pointes-Clinton Refuse Disposal Authority

Notes to Financial Statements June 30, 2008 and 2007

Note 2 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Authority is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Authority's cash and investments are subject to custodial credit risk, which is examined in more detail below:

Custodial Credit Risk of Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. The Authority had \$1,096,936 and \$1,163,092 of bank deposits (checking, savings, and certificates of deposits) of which \$300,000 and \$237,823 is covered by FDIC insurance, as of June 30, 2008 and 2007, respectively. The Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 3 - Contingencies

The Authority recognizes liabilities for environmental remediation costs when such obligations are probable and reasonably estimable. As of June 30, 2008, the Authority is not aware of any environmental contamination.

Note 3 - Risk Management

The Authority has purchased commercial insurance through the Michigan Municipal League for general liability purposes. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Supplemental Information

Grosse Pointes-Clinton Refuse Disposal Authority

Statement of Revenue and Expenses Budget and Actual Year Ended June 30, 2008

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenue				
Billings from constituent municipalities	\$ 1,650,000	\$ 1,650,000	\$ 1,480,030	\$ (169,970)
Interest income	48,000	48,000	41,700	(6,300)
Other	10,000	10,000	16,484	6,484
Total revenue	<u>\$ 1,708,000</u>	<u>\$ 1,708,000</u>	<u>\$ 1,538,214</u>	<u>\$ (169,786)</u>
Expenses				
Fringe benefits	\$ 10,000	\$ 10,000	\$ 9,376	\$ 624
Refuse disposal	1,574,000	1,574,000	1,411,467	162,533
Maintenance - Building and grounds	20,000	20,000	1,180	18,820
Advertising	9,500	9,500	12,688	(3,188)
Office supplies	900	900	188	712
General insurance	27,500	27,500	21,999	5,501
Storage rental	1,200	1,200	911	289
Professional services	64,000	64,000	52,707	11,293
Membership dues	700	700	600	100
Miscellaneous	200	200	-	200
Total expenses	<u>\$ 1,708,000</u>	<u>\$ 1,708,000</u>	<u>\$ 1,511,116</u>	<u>\$ 196,884</u>